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FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC PRIORITY 1694

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

RUCNCIS/CIS COLLECTIVE

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RUEHAK/AMEMBASSY ANKARA 4387

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RUEKJCS/Joint STAFF WASHDC

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RUEKJCS/SECDEF WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001349

SIPDIS

STATE FOR SCA/CEN

E.O. 12958: DECL: 10/10/2018

TAGS: PREL ECON ETRD TU TX

SUBJECT: TURKMENISTAN: PRIME MINISTER ERDOGAN'S VISIT

FOCUSSES ON BUSINESS INVESTMENT

Classified By: Charge d'Affaires Sylvia R. Curran. Reasons 1.4(b) and (d).

¶1. (C) SUMMARY: Turkish Prime Minister Recep Tayyip Erdogan, accompanied by a large delegation, paid a short official visit to Ashgabat last week that focused on business investment in Turkmenistan. During the trip, he met with President Berdimuhamedov, Turkmen officials and Turkish citizens residing in Ashgabat. The Turkish businessmen lamented the business and investment situation in the country. Turkey would like to invest much more vigorously in Turkmenistan, particularly in the energy sector, but says it is hampered by legal and bureaucratic constraints. END SUMMARY.

¶2. (C) Turkey's Prime Minister visited Ashgabat for 24 hours on October 3-4. His trip was originally to include a second leg, to Mongolia, but was curtailed after an attack by PKK forces on Turkish troops on October 4. During a subsequent meeting with emboff, Turkish diplomat Hakan Chengiz (please protect) said that in his meeting with President Berdimuhamedov PM Erdogan emphasized Turkey's desire to invest more in Turkmenistan, particularly in the energy sector.

¶3. (C) PM Erdogan was accompanied on his visit by a large delegation that included Minister of Energy Hilmi Guler, the state ministers for religious affairs and Turkish citizens abroad, as well as the head of TIKA, the Turkish foreign assistance agency. The PM's "tete-a-tete" session with Berdimuhamedov on October 3 was attended only by the two leaders, Energy Minister Guler, and Turkmenistan FM Meredov. That evening, the PM and a few members of his delegation attended a "very small working dinner" with their Turkmen counterparts, which he described as "nothing like the lavish affair (earlier this week) for the Latvian president." The working dinner was followed by a meeting between the PM and a group of Turkish businessmen living and working in Ashgabat.

¶4. (C) After learning of the attack on October 4, the PM reportedly held a meeting with the four ministers accompanying him and decided to return to Ankara, with a few delegation members continuing on to Mongolia. He was able to complete all of the events scheduled in Ashgabat before he

departed, including a Bayram (Eid el-Fitr) celebration with local Turkish citizens.

#### TURKISH BUSINESS COMPLAINTS

¶5. (C) Chengiz said that the Turkish businessmen told PM Erdogan during their meeting with him that the inflation rate and the recent changes to the manat-dollar exchange rate have affected them very negatively. The investment and business climate in Turkmenistan cannot improve, they said, until the government of Turkmenistan institutes legal and bureaucratic reforms that will make doing business simpler and less risky.

¶6. (C) By all accounts, most of the businessmen who do operate in Turkmenistan have been in the country for more than a decade and have grown accustomed to the everyday difficulties of doing business here. Many more Turkish entrepreneurs would like to open businesses but are put off by a number of factors, including difficulties in obtaining or prolonging visas (which in turn prevents them from purchasing or renting housing), traffic police that unfairly target yellow-plated vehicles (which indicate a foreign business registration), and workplace liability laws that make engineers and managers personally liable for workplace accidents. (Chengiz said that two Turkish engineers were recently jailed in Ashgabat following construction accidents. Both have since been released).

¶7. (C) Chengiz noted that there are approximately 6000 Turkish citizens living and working in Turkmenistan, compared to the roughly 25,000 who were here at the beginning of the

ASHGABAT 00001349 002 OF 002

decade. Thousands departed, he said, after several Turkish nationals were implicated in the assassination attempt against late President Niyazov in 2002.

¶8. (C) COMMENT: Turkey is one of Turkmenistan's main trading partners and their companies dominate the construction business here. PM Erdogan's visit, with its obvious focus on business opportunities in the country, is a clear indication that Turkey would like to do much more, including invest in Turkmenistan's energy sector. END COMMENT.

CURRAN